

Chapter 3

Doing Business in Japan

In this section I want to give a short impression about the way of doing business in Japan. This " modus operandi " is different from the most western countries. In Japan a long term relationship between business partners is much more common than short term deals. Japanese companies show a strong tendency to choose a business partner carefully.

If you are a foreign software vendor and you want to penetrate the Japanese market, it is not enough to have a good product. Furthermore you have to do business in Japanese style. Depending on the way you choose to enter the Japanese market (branch/subsidiary, partnership, distributor, licensing, joint venture, ...) you have to get in touch with Japanese company executives or government officials. To get this smoothly settled you should know at least the basic Japanese business etiquette. In Japan it is much more common, than in the US or Europe, that sales representatives visit there (also future) customers. It is very important to do business face to face instead via telephone, fax or mail order. If you do not speak Japanese you should always take an interpreter with you to the customer. As meetings are very important in Japan, it takes long to get to a final decision, so you have to be patient. The Japanese companies are seeking long term business partners, so those if they have once chosen a partner they consider this relationship to last a long time. If you reached this stage you can be sure that you found a long term, highly committed business partner.

I cannot describe all the different business etiquette that are social rituals in Japan. At least I will try to give you a short impression about the complex system of business

etiquette in Japan.

Before the start of a meeting it is tradition to exchange business cards (meishi's). Be sure to have a set of bilingual business cards. English on one side and Japanese on the other side. Even if your business partners speak perfectly English it will show them that you are willing to respect the cultural difference to Japan. An other reason for business cards in Japan is that the Japanese judge a person from their social rank and the working place. Sometimes the cards used to remember the name and position of the other persons by placing the cards in seating order in front of them on the table. To show your commitment for this business bring people of rank with you to the negotiations. Even if they have nothing to do with this specific deal it will show your future Japanese business partner that this meeting is important for you. A good idea is also to present some gifts after successful negotiations, like specialities of your country or illustrated books about your country. Before the meetings you should send an agenda or other information to your business partner (e.g., in Japanese) so that they have time to study this material and get prepared for the meeting. If you do a presentation bring enough hand outs with you for everybody who participates in this meeting. Do not try to force somebody to finish the deal fast. You cannot expect to cut a deal within a couple of days. The base of the Japanese system of decision making is the consensus of all people who are involved in that project. If you receive an invitation to go out or play golf you should accept it because the Japanese executives do much of their business during this kind of entertainment. If you aim for a big deal it is not a bad idea to invite the main decision makers for a dinner, golf or even a trip to see your main office and to talk with the company heads. You should always show a great commitment to your Japanese customers. They should feel that you are not out for the quick dollar, that you also want to establish a long term relationship between the companies.

If you have done the negotiation and if both sides settled an agreement you should start to get the paperwork done. A lawyer in your business delegation will give the whole discussion a very negative aspect. For the Japanese delegation it would look like that you do not trust them. After the business partners have settled an agreement the lawyers should start their work.

If you deal with smaller products it is also important to have, e.g., an active sales force or distributor, which establishes and maintains contacts with (prospective) customers.

Besides that he should provide the necessary service and support to your customers. If you work with, e.g., a distributor you should visit Japan every couple of month to talk with them, provide the latest information about your product and company policy. To make a good impression about your commitment for the Japanese market you should visit your main customers and listen to their problems and requests.

Besides the way of establishing a business relationship it should be considered that in Japan a customer is treated like a God. The customer is the justification for the existence of the vendor. If the customer is not satisfied the vendor has failed in his duty. This reflects in a total commitment to service and quality. Service is one important duty of a vendor. If your customer has a problem the vendor should solve or at least help the customer to solve this problem. Despite the amount of money or man power is spent. The customer expects this kind of service. Also the warranty periods are longer then usual in the US or Europe. This is one reason that certain products are more expensive than their counterparts in the US or Europe. Because they include hidden charges for the expensive and long term after sales service.

Quality is one of the highest demands in Japan. Acceptable or good quality is not good enough. A product should always meet the highest possible quality requests. A breakdown is considered as unthinkable and if it happens the problem should be solved in the shortest possible time. Even if the customer has only a small problem someone from the service personnel of the vendor should be able to provide a solution for the customer's problem. If the unthinkable breakdown happens the vendor should be able to help the customer to prevent a disaster and the service personnel should, fastest as possible, repair or fix the problem.

In Japan the demands of custom build software is very high. You can expect requests from your customers to customize software on their demand. If your software package is programmable you can expect calls from your customers who are expecting help and advice in programming or adapting the software to their business environment. If you start doing business in Japan you have to be aware of the different business environment and social cultural rituals. Service, Quality and a high commitment for the customer's needs will help you to succeed in the Japanese marketplace.